

Populations, Services and Expenditures



Populations and Eligibility Groups

The estimated population in North Carolina during SFY 2003 was 8,323,375. A total of 1,447,283 North Carolinians, or 17 percent of the total population, were eligible for Medicaid coverage at some time during the year. The monthly average number of eligibles was 1,047,444 or roughly one out of eight people. The number of recipients (i.e., those eligibles who actually received Medicaid services of any kind at some point in the fiscal year) was 1,454,661. This figure is slightly larger than the total number of eligibles because it counts some recipients who were eligible in SFY 2002 for whom claims were paid during SFY 2003. Compared with SFY 2002, the state population rose by 1.7 percent, the number of

Exhibit 1		
NC Medicaid Average Monthly Eligibles by Eligibility Group - SFY 2003		
<u>Eligibility Group</u>	<u>Number of Eligibles</u>	<u>% of Total Eligibles</u>
Pregnant Women & Children	352,101	33.6%
AFDC-related	339,210	32.4%
Disabled	192,306	18.4%
Aged	127,260	12.1%
Qualified Medicare Beneficiaries	34,040	3.2%
Blind	2,054	0.2%
Aliens & Refugees	473	0.0%
Total	1,047,444	100.0%

As indicated in **Exhibit 1** above, the largest category of eligibles during SFY 2003 was Pregnant Women and Children with a monthly average of 352,101 individuals, or about 34 percent of total eligibles. The Aid to Families with Dependent Children (AFDC) category was next in size with 339,210 individuals, or about 32 percent of the total eligibles. The AFDC category includes families with children who would have met eligibility criteria for the former AFDC program as of July 1996. As **Exhibit 2** on the next page shows, the AFDC-related population experienced the largest increase of enrollees of 26,691, or 8.5 percent. As was the case during SFY 2002, this relatively large increase was due primarily to the worsening of the economy and an unemployment rate in excess of 6 percent, resulting in a larger number of families qualifying for Medicaid. The Disabled category increased only modestly during SFY 2003 at 6,565, or 3.5 percent, while both the Aged and Blind categories experienced slight decreases.

Exhibit 2 Change in NC Medicaid Average Monthly Eligibles by Eligibility Group SFY 2002 vs. 2003			
<u>Eligibility Group</u>	<u>SFY 2003 Eligibles</u>	<u>Amount of Change</u>	<u>% Change</u>
AFDC-related	339,210	26,691	8.5%
Pregnant Women & Children	352,101	22,467	6.8%
Disabled	192,306	6,565	3.5%
Qualified Medicare Beneficiaries	34,040	2,639	8.4%
Aliens & Refugees	473	193	68.9%
Blind	2,054	(70)	-3.3%
Aged	127,260	(904)	-0.7%
Total	1,047,444	57,581	5.8%

Exhibit 3 on the next page shows the distribution and some of the characteristics of recipients of Medicaid services. The percentage of recipients in each program category approximates the distribution of eligibles shown in **Exhibit 1**, but it varies somewhat because not all eligibles actually become recipients of one or more services in a given year. For instance, Pregnant Women and Children were the largest recipient group and represented almost 36 percent of Medicaid recipients, while they constituted 34 percent of Medicaid eligibles. Forty-four percent of recipients were white, 40 percent were black, and the remaining 16 percent were of other races. A total of 61 percent of recipients were female and 39 percent male. When Medicaid recipients are grouped by age, children ages 5 to 20 constitute the largest group at 35 percent, while adults aged 21 to 64 are the second largest group, followed by young children from birth to 4 (20 percent) and the elderly, ages 65 and older, at 13 percent.

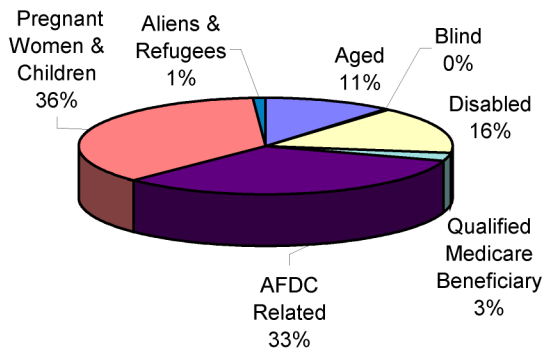
Services and Expenditures

With the continuing stagnation in the national and North Carolina economies, SFY 2003 was an extremely challenging budget year for State government. On the heels of a 2001-02 revenue shortfall exceeding \$1.5 billion, which Governor Easley addressed through end-of-year emergency spending cuts, the N.C. Legislature faced an estimated 2002-03 revenue shortfall of \$1.6 billion as it passed the final SFY 2003 budget. The final outcome was the passage of a budget that included State appropriations for the NC Medicaid Program in the amount of approximately \$2.2 billion. This was a reduction of approximately \$35.5 million in the amount that was initially set aside for SFY 2003 in the 2001-03 biennium budget.

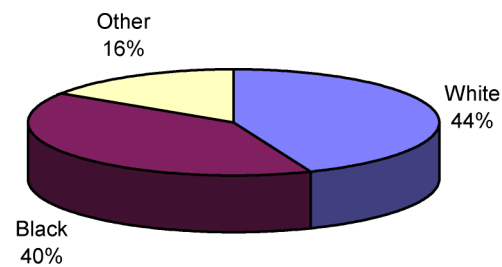
The SFY 2003 Medicaid budget included various funding increases and reductions as mentioned above in the “Policy and Program Changes” section. It is noteworthy that in spite of the adverse financial climate, the NC Medicaid program was able to avoid massive reductions in its medical benefit package and, therefore, in related service expenditures; nor were cost savings achieved through restrictions in program eligibility except for the relatively small changes related to assets mentioned in the “Policy and Program Changes” section above. During SFY 2003, many states resorted to applying drastic restrictions in the “optional” eligible population in order to balance their budgets. Such was not the case in North Carolina.

Exhibit 3 NC Medicaid Recipients of Medicaid Services - SFY 2003

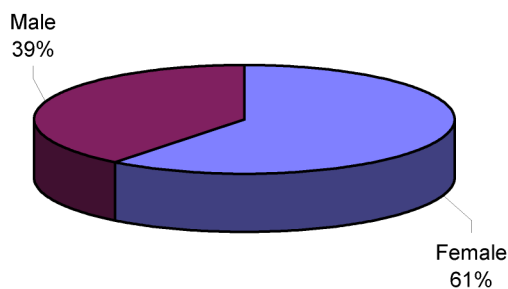
Eligibility Categories



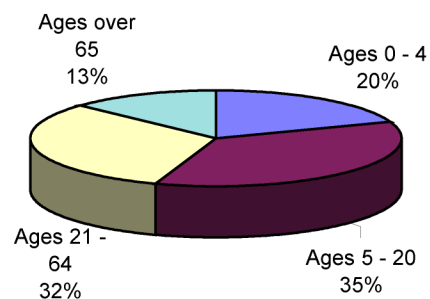
By Race



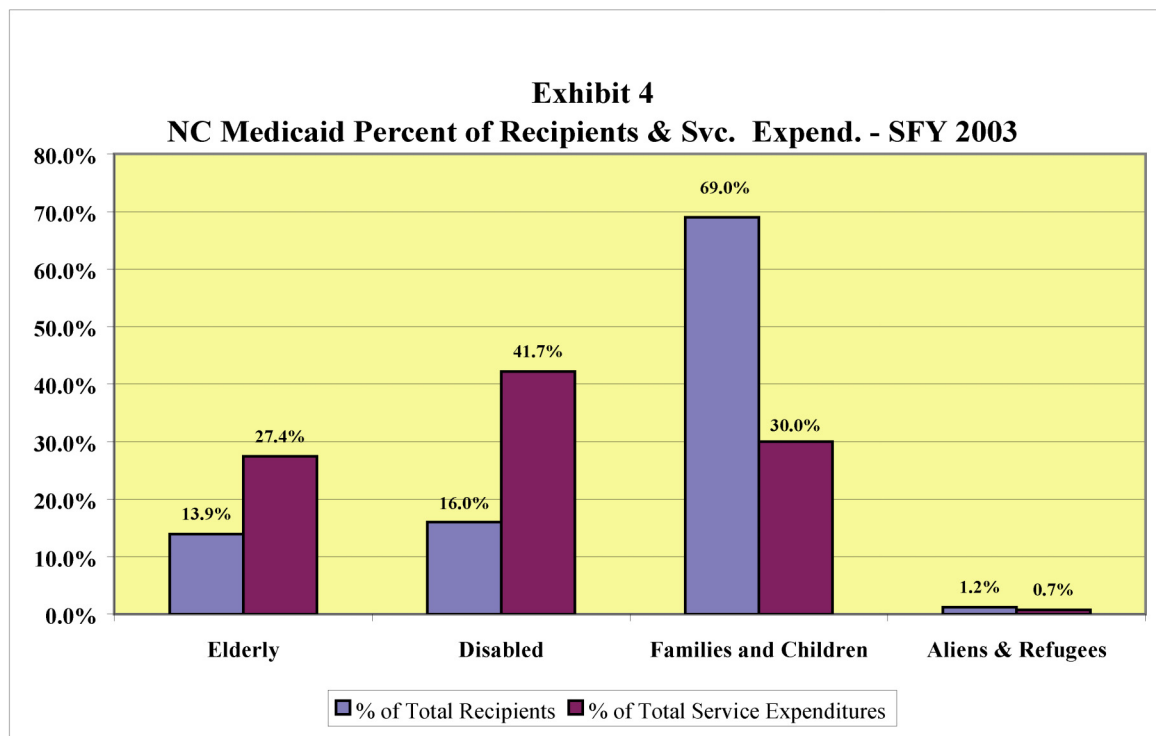
By Gender



By Age Categories



As indicated in **Tables 6 and 10** (see the “Medicaid Tables” section at the back of this report), a total of approximately \$6.6 billion was spent on health services and premiums for 1,454,661 Medicaid recipients, or \$4,530 per recipient during the year. While total service and premium expenditures increased by 6.7 percent, the per recipient increase was a very modest 2.8 percent over SFY 2002. **Exhibits 4** below and **Exhibit 5** on the next page show that Elderly and Disabled recipients numbered 13.9 percent and 16 percent of total recipients respectively. Yet, service expenditures for these two groups amounted to approximately \$4.6 billion, or 69.6 percent. These two groups received more services and services that were more expensive per unit than any other group. Recipients from the Families and Children group, on the other hand, represented 69 percent of all recipients, however they accounted for approximately \$2 billion, only 30 percent, of total service expenditures. **Exhibit 6** on the next page shows that per recipient expenditures for each of the recipient groups increased between SFY 2002 and SFY 2003 with the exception of Aliens & Refugees, which realized a 2.7 percent decrease.



As **Table 6 and 7** indicate (again, see “Medicaid Tables”), the grand total of Medicaid and Medicaid-related expenditures in SFY 2003 was \$7,439,757,929, an increase of only 1% over SFY 2002. Of this amount, \$6,589,067,833 was spent on direct health care services to Medicaid recipients as mentioned above. The balance of approximately \$850 million in expenditures was allocated to a variety of categories including adjustments, cost settlements, disproportionate share hospital payments, transfers and State and county administration. Lower expenditures for these items in SFY 2003 offset the 6.7% increase in service and premium expenditures, thus, resulting in the 1 percent increase in the grand total of